

THE SCHOOL ADMINISTRATOR
and Uniform Compliance Guidelines
ISSUED BY STATE BOARD OF ACCOUNTS

Volume 151

September 2000

ITEMS TO REMEMBER

Per Volume 150, June 2000 "The School Administrator and Uniform Compliance Guidelines", August 31 is the last date for the first publication of a school corporation budget (10 days prior to the public hearing). (IC 6-1.1-17-3)

SEPTEMBER

- September 1: Not earlier than September 1 or later than September 15 of each year, the governing body of a school corporation shall publish an annual performance report of the school corporation in accordance with IC 20-1-21-8. The report must be published one (1) time annually under IC 5-3-1. (IC 20-1-21-4)
- September 1: Prove the Fund Ledger and Ledger of Receipts for the month of August to the control of all funds and reconcile the control with the depository statement. Prove all receipt accounts for each fund to total receipts for that fund. Prove the Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances to the total disbursements of the control account of the Fund Ledger. Prove all expenditure accounts within each program to the total disbursements of that program.
- September 4: Legal Holiday - Labor Day. (IC 1-1-9-1)
- September 7: Last date for second publication of school corporation budgets (3 days before the public hearing). (IC 5-3-1-2)
- September 10: Last date for public hearing on proposed budget (at least 10 days prior to the adoption of the budget). Ten (10) or more taxpayers may object to a budget, tax rate, or tax levy by filing an objection petition with the proper officers of the political subdivision not more than seven (7) days after the hearing. (IC 6-1.1-17-5)
- September 15: The A.D.M. count shall be taken.
- September 15: Not earlier than September 1 or later than September 15 of each year, the governing body of a school corporation shall publish an annual performance report of the school corporation in accordance with IC 20-1-21-8. The report must be published one (1) time annually under IC 5-3-1. (IC 20-1-21-4)
- September 20: Last date to file budgets with County Auditor at least two (2) days prior to the first meeting of the County Board of Tax Adjustment if applicable. (IC 6-1.1-17-5) (Contact State Board of Tax Commissioners at 317-232-3773 if conflicts exist with date.)
- September 20: Last day to report and make payment of state and county income tax withheld during August to the Department of State Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 140, December 1997, of "The School Administrator and Uniform Compliance Guidelines.")

**THE SCHOOL ADMINISTRATOR
and Uniform Compliance Guidelines**

Volume 151, Page 2

September 2000

ITEMS TO REMEMBER

(Continued)

- September 20: Last date for meeting of School Board to make appropriations for 2001 and to fix tax levies. (IC 6-1.1-17-5) Also last date to conduct a public hearing and to pass a resolution to adopt Capital Projects Fund and Transportation - School Bus Replacement Fund Plans. (IC 21-2-11.5 and IC 21-2-15)
- September 22: Meeting of County Tax Adjustment Board is September 22, 2000. If September 22 is not a business day, then the last date for the first meeting is the first business day following September 22. (IC 6-1.1-29-4)
- September 29: A.D.M. report due. (511 IAC 1-3-2)
- September 11-
September 29: The A.D.A. count shall be taken between these dates.

OCTOBER

- October 1: On or before this date all duties of the County Board of Tax Adjustment must be completed, except for a consolidated city and county and in a county containing a second class city, these duties need not be completed until November 1. (IC 6-1.1-17-9) IC 6-1.1-17-12 provides for a notice procedure by the county auditor and an appeal procedure.
- October 1: Prove all ledgers for the month ending September 30 as outlined for the month of August.
- October 9: Legal Holiday - Columbus Day. (IC 1-1-9-1)
- October 13: Form 30B, Report of A.D.A for State Support is due in the Department of Education, Division of School Finance.
- October 20: Last day to report and make payment of state and county income tax withheld during September to the Department of State Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 140, December 1997 of "The School Administrator and Uniform Compliance Guidelines.")
- October 31: Last day to file third quarter report with the Internal Revenue Service and complete payment of federal tax withheld.
- October 31: Requests for textbook reimbursement must be received by the Department of Education, Division of School Finance.

**THE SCHOOL ADMINISTRATOR
and Uniform Compliance Guidelines**

Volume 151, Page 3

September 2000

ITEMS TO REMEMBER

(Continued)

NOVEMBER

- November 1: Prove all ledgers for the month ending October 31 as outlined for the month of August.
- November 11: Legal Holiday - Veteran's Day. (IC 1-1-9-1)
- November 23: Legal Holiday - Thanksgiving Day. (IC 1-1-9-1)
- November 30: On or before June 1 and December 1 of each year (or more frequently if the County Legislative Body adopts an ordinance requiring additional certifications) the School Corporation shall certify a list of the names and addresses of each person who has money due from the School Corporation to the County Treasurer. (IC 6-1.1-22-14)

**THE SCHOOL ADMINISTRATOR
and Uniform Compliance Guidelines**

Volume 151, Page 4

September 2000

EMPLOYEE MOVING EXPENSE

IC 20-5-2-2(2.5) now provides authority for the governing board of the school corporation to appropriate from the General Fund of the school corporation an amount, not to exceed \$3,000 per budget year, or one dollar (\$1) per pupil not to exceed twelve thousand five hundred dollars (\$12,500) based upon the school corporation's previous years average daily membership as determined under IC 21-3-1.6-1, for the purpose of promoting the best interest of the school corporation by among other items, providing for expenses incurred in interviewing job applicants (based on a claim being filed with supporting documentation, i.e. receipts, etc.) We would not take audit exception to a school corporation paying the expense of moving a successful applicant, their family and personal property from a prior residence to a new location in or near the school corporation by passing a resolution in accordance with IC 20-5-1.5-1 et seq.

SCHOOL BOARD MEMBER COMPENSATION - PER DIEM

IC 20-5-3-6 states in part ". . . the governing body of each school corporation by resolution shall have the power to pay each of its members a reasonable amount for service as a member, not to exceed: (1) two thousand dollars (\$2,000) per year; and (2) a per diem not to exceed the rate approved for members of the board of school commissioners under IC 20-3-11-2(c)."

IC 20-3-11-2 states in part "(c) The members of the board are entitled to receive compensation not to exceed the amount allowed under IC 20-5-3-6 and a per diem not to exceed the rate approved for members of the city-county council established under IC 36-3-4 for attendance at each regular and committee meeting **as determined by the board.**" (Our Emphasis)

We understand members of the City-County Council in Marion County currently receive one hundred twelve dollars (\$112) for regular meetings and sixty-two dollars (\$62) for committee meetings.

The State Board of Accounts will not take audit exception to reimbursement in accordance with the aforementioned for meetings that comply with IC 5-14-1.5-1 et seq., the Open Door Law.

Please note IC 5-14-1.5-4 provides:

"(b) As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under IC 5-1.5-2-2.5 or IC 20-12-63-7.

(c) The memoranda are to be available within a reasonable period of time after the meetings for the purpose of informing the public of the governing body's proceedings. The minutes, if any, are to be open for public inspection and copying."

We are of the audit position that a board of school trustees should formally determine board members that are eligible to attend, vote, testify, gather information for other committees, etc. and receive compensation for attendance at those individual committee meetings. We are also of the audit position board members which have not been formally authorized by a board of school trustees to attend committee meetings, should not receive compensation for attendance at committee meetings.

**THE SCHOOL ADMINISTRATOR
and Uniform Compliance Guidelines**

Volume 151, Page 5

September 2000

FIELD EXAMINER IDENTIFICATION

We have recently received information regarding individuals purporting to be field examiners requesting records from local units of government. Good management controls would dictate that whenever you are approached by a person requesting records who holds themselves out to be a field examiner of the State Board of Accounts, and you are not certain of their identity, you should request to see their picture identification card. All Field Examiners of the State Board of Accounts have been issued a picture identification for this purpose. If you are uncertain whether an individual is a Field Examiner of the State Board of Accounts, please call the central office at 317-232-2513 or the area Field Supervisor.

QUORUM FOR SCHOOL BOARD ACTION

The State Board of Accounts has been questioned on various occasions regarding the statutes governing the number of board members necessary to take official action at a board meeting.

IC 20-5-3-2(f) states "At a meeting of the governing body, a majority of the members shall constitute a quorum. No action may be taken unless a quorum is present. Except where a larger vote is required by statute or rule with respect to any matter, a majority of the members present may adopt a resolution or take any action."

Some specific statutes require a favorable vote from a majority of the total membership of the governing board. IC 20-5-3-3(2) states in part "If there shall occur a vacancy in the membership of any governing body for any reason, . . . the remaining members of the governing body shall by majority vote fill such vacancy by appointing a person from within the boundaries of the school corporation with the residence and other qualifications provided for a regularly elected or appointed board member filling such membership, to serve for the term or the balance of the term." IC 20-5-3-8 states in part concerning contracts "However, each contract must be approved by a majority of all of the members of the governing body . . ." IC 6-1.1-17 which deals with formulation of the annual budget for the school corporation and IC 6-1.1-18-5 concerning additional appropriations each refers to the "proper officers" of the political subdivision which has been generally interpreted as all members of the governing board. If questions arise concerning signatures necessary on budget or additional appropriation documents, you should contact the State Board of Tax Commissioners.

LIABILITY INSURANCE AND ERRORS AND OMISSIONS INSURANCE

Official Opinion No. 80-17, issued July 25, 1980, by the Attorney General, held that a township or any other governmental entity "may purchase comprehensive liability insurance for public purposes, even though the township or governmental entity neither owns nor hires vehicles at the time."

The opinion was requested as a result of a township carrying liability insurance to protect the township, officers and employees when operating their personally owned vehicles in the conduct of the business of the township. The insurance was referred to in the policy as non-owned or hired automobile coverage, since the township owned no automobiles.

**THE SCHOOL ADMINISTRATOR
and Uniform Compliance Guidelines**

Volume 151, Page 6

September 2000

LIABILITY INSURANCE AND ERRORS AND OMISSIONS INSURANCE
(Continued)

The Attorney General cited IC 34-4-16.5-18, a section of the Tort Claims Law, as authority to purchase the liability coverage. However, that such insurance may be purchased by a governmental entity only to cover the liability of the governmental entity and its employees in the performance of their duties. The opinion should not be construed to mean a governmental unit is authorized to purchase or to pay the premium on liability insurance carried on an employee's personally owned vehicle. The premium may be paid only where coverage is included in the liability policy carried by the governmental entity.

Furthermore, in response to questions raised concerning the propriety of paying errors and omissions insurance premiums from public funds, the State Board of Accounts requested guidance from the Attorney General's Office (Official Opinion No. 85-27). The advice received from the Attorney General's Office is that errors and omissions insurance does cover a portion of local official exposure over and above the tort claims act and other protections. Our audit position concurs in that errors and omissions insurance may be acquired by a school corporation as long as the coverage is for those acts or omissions falling within the official's scope of employment.

SCHOOL AID BOND PAYMENTS

IC 20-4-1 (Sections 35 through 39) provides for the redemption of school aid bonds by reorganized school corporations. These are bonds which were issued by the township, city or town and although they are a debt obligation of the civil unit, since they were originally sold for school building purposes, the statute authorizes and, in some instances, requires, the school corporation to stand the expense of redemption by way of collections in the Debt Service Fund for payment to the officials of the civil unit who must in turn repay the bondholders or the paying agent.

A community school corporation or a united school corporation organized according to the provisions of Chapter 202 of the Acts of 1959 as amended, may assume the obligation to pay the civil corporations located within the geographical limits of the school corporation the amount of the school aid bonds and coupons coming due each year, if the reorganization plan provided for such payments. If the organization plan did not provide for such payments, the board of school trustees may, by resolution adopted, provide for making such payments to civil corporations.

The exact amounts of school aid bonds and coupons coming due each year shall be paid to civil townships, civil cities or civil towns in semiannual installments on the 20th day of June and December each year, regardless of the financial status of the civil corporation's Civil Bond Fund. Prior to the 20th day of June and December each year, request that the township trustee, city controller or city or town clerk-treasurer certify to the treasurer of the school corporation the exact amount of school aid bonds and coupons coming due in July and January. The amount so certified must be paid to the civil corporations. School corporation treasurers may not pay civil aid bonds and coupons directly to the payee because these obligations are not a debt of the school corporation. Payments must be made to township trustees or civil authorities. Payments for civil aid bond obligations must be made from the Debt Service Fund, Account No. 54300.

**THE SCHOOL ADMINISTRATOR
and Uniform Compliance Guidelines**

Volume 151, Page 7

September 2000

SEVERANCE BENEFITS

IC 20-6.1-5-12 states "If a governing body of a school corporation agrees to a retirement, savings, or severance pay plan with a teacher or with an exclusive representative pursuant to IC 20-7.5-1, the benefits may be paid to the teacher who is eligible under a negotiated retirement, savings, or severance pay plan, or, in the case of the teacher's death, to the teacher's designated beneficiary or to the teacher's estate if there is no designated beneficiary. Payments may be made in a lump sum or in installments as agreed upon by the parties or to a savings plan established under IC 5-10-1.1-1(2)."

IC 5-10.2-4-3 limits the amount of severance pay that may be included in the annual compensation when determining the average annual compensation for use as a factor in the formula for calculating retirement benefits. The amount is limited to \$2,000. IC 5-10.2-4-3 provides that "annual compensation" means the basic salary received by the retiring employee plus compensation of \$2,000 or less received from the employer in contemplation of the employee's retirement, including severance pay, termination pay, retirement bonus, or commutation of unused sick leave or personal leave.

LEASED VEHICLES AND MILEAGE EXPENSE

We have received questions concerning the position of the State Board of Accounts in relation to the leasing of automobiles by a school corporation and the provision for paying mileage expense for use of an employee's personal automobile when used on school corporation business.

IC 20-5-2-2(4) authorizes the governing body of the school corporation to lease an automobile or automobiles as "deems necessary for **school purposes**." (Our Emphasis) Determination of the necessity must be made by the school board. The school board may assign such vehicle to any corporation officer or employee for use on school business as deemed necessary. For a school corporation owned or leased automobile, the school corporation may furnish the necessary gasoline, oil, tires, repairs, etc., to maintain the automobile in a satisfactory condition for operation on the streets, roads and highways. If the automobile is leased, the fuel, repair and maintenance programs should be defined in the lease agreement. Sufficient insurance should be carried by the school corporation to protect the school corporation in relation to public liability, property damage, casualty loss and other coverage which the attorney for the school corporation may advise.

IC 20-5-2-2(8) states in part, "Notwithstanding the appropriation limitation in subdivision (2.5), when the governing body by resolution deems a trip by an employee of the school corporation or by a member of the governing body to be in the interest of the school corporation, including but not limited to attending meetings, conferences or examining equipment, buildings, and installation in other areas, to permit such employee to be absent in connection with such trip without any loss in pay and to refund to such employee or to such member his reasonable hotel and board bills and necessary transportation expenses."

Accordingly, if the governing board of a school corporation deems it advantageous to the school corporation from a business point of view to not furnish a vehicle for use in conducting the business affairs of the school corporation, individuals may be reimbursed by way of mileage allowance claim, for using personally owned vehicles in conducting school corporation business. The school corporation, in such instance, should not pay any of the expenses of fueling, operation or maintenance of the employee's automobile; only the mileage allowance for the miles driven in conducting the business affairs of the school corporation is permissible. The mileage allowance for actual miles traveled is to be paid at the rate per mile established by the governing board and must be properly itemized on Mileage Claim, General Form No. 101.

**THE SCHOOL ADMINISTRATOR
and Uniform Compliance Guidelines**

Volume 151, Page 8

September 2000

TECHNOLOGY FUND UPDATE - CHART OF ACCOUNTS

IC 21-2-18-4 states "Before February 15 of 2001 and each year thereafter, each school corporation **shall file a report with the superintendent of public instruction's special assistant for technology.** The report must be prepared in the **form prescribed by the special assistant for technology** and must include a list of expenditures made by the school corporation during the preceding calendar year from the school corporation's: (1) school technology fund for purposes described in this chapter; (2) capital projects fund for purposes described in IC 21-2-15-4(d); and (3) debt service fund for purposes of providing financing for any equipment or facilities used to provide educational technology programs. Before April 1 of 2001 and each year thereafter, the special assistant for technology shall compile the information contained in the reports required by this section and present that compilation to the educational technology council." (Our Emphasis)

Please note the State Board of Accounts is not specifically referenced in the above cited provision. However, as noted in the June 2000 *The School Administrator and Uniform Compliance Guidelines*, Volume 150, we proposed object account numbers as presented at the School Budget Workshop. Our proposal was made in conjunction with and as a result of our working with the Superintendent of Public Instruction's Special Assistant for Technology.

Some problems existed with several school corporation's computer systems which did not allow for the original object accounts proposal with a "point" inclusion to be utilized. Please note a possibility exists that a change to the Chart of Accounts may need to occur July 1, 2001 which might be expanded with a "point" inclusion. Please discuss the potential change with your software vendor and let us know of any possible problems.

Subsequently, we attempted to meet and did meet several times with the Superintendent of Public Instruction's Special Assistant for Technology. You may also receive something in the future from the Superintendent of Public Instruction's Special Assistant for Technology regarding that Office's statutorily required reporting, with the object account numbers that have been proposed. We have also recently received input by representatives from school corporations regarding the object reporting. The result of the input from all sources are the object accounts and one new expenditure account listed below.

These accounts are intended to temporarily assist in your required reporting to the Department of Education. Please do not confuse the State Board of Account's attempt at providing assistance with the authority and responsibility of the Superintendent of Public Instruction's Special Assistant for Technology in securing the statutorily required reporting. **Please begin the use of these object accounts immediately. These object numbers apply to all funds.**

OBJECT ACCOUNTS

691 Computer Hardware

Expenditures for both administrative and instructional uses. Computer hardware includes Central Processing Units (CPUs) and other digital equipment (excluding peripherals and telecommunications equipment) that may be necessary to operate a school. Monitors and network cards are included. Items that attach to the network for the primary purpose of accessing or using the CPUs such as network workstations would also be included here (dumb terminals, personal computers, etc.)

**THE SCHOOL ADMINISTRATOR
and Uniform Compliance Guidelines**

Volume 151, Page 9

September 2000

OBJECT ACCOUNTS
(Continued)

692 Distance Learning Equipment

Expenditures for contacts for services that relate to the operation of distance learning equipment. Included may be expenses directly related to distance learning including specialized equipment necessary to participate in distance learning programs. Service contracts such as "Vision Athena", "Classroom Content", and the "Indiana ONLine Academy" would be included.

693 Wireless Equipment

Expenditures for all wireless equipment that may be used for Local Area Network (LANs), Wide Area Network (WANs) and other uses, including room systems. Wireless equipment may include towers, broadcast equipment (airwave), and any other equipment that is used in either sending or receiving a wireless signal.

694 Connectivity

Expenditures for initial installation and ongoing costs of all circuits used to connect buildings and classrooms within a school corporation. Included also is Internet, and any connection, except for wireless, that serves to connect the LAN/WAN. Ongoing as well as one time costs are included. Cabling to classrooms, between buildings, and ongoing costs (non-personnel) to provide support are included there.

695 Telecommunications Equipment

Expenditures for telecommunications equipment, including routers, hubs, switches, main distribution facilities and intermediate distribution facilities are included here. Included also is equipment needed for voice communications that may be leased or purchased by the local school corporation.

696 Other Technology Hardware

Expenditures for other technology hardware. Peripherals such as printers, scanners, web cameras, etc. are included. Expenditures for Personal Digital Assistants (PDAs) and other digital equipment are included here also.

697 Content

Content can be described as any software, application systems, or productivity applications that are needed in the operation of a school, including networking software, classroom management software, instructional management systems, administrative systems, and other purchase or license/fee related costs. Excluded are video and distance learning contracts and service agreements.

**THE SCHOOL ADMINISTRATOR
and Uniform Compliance Guidelines**

Volume 151, Page 10

September 2000

OBJECT ACCOUNTS
(Continued)

698 Professional Development

Training expenditures for technology related development of teachers, administrators and other staff.

EXPENDITURE ACCOUNT

26710 Technology Support and Maintenance

Expenditures for all other technology staff related to hardware maintenance, LAN/WAN support (personnel), maintenance contracts for hardware/network, including all personnel costs. Also included is support provided solely for teachers in-classroom use of technology, e.g., a support person that assists the teachers in making certain that applications are running and ready for use. Other items could include a help desk or other operation that supports the delivery of instruction in the classroom.

Please discontinue the use of the Object Accounts 342 Internet/Technology, 545 Software, and 546 Hardware.

The next update of the Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations will include a modification of technology language included within the objects as listed in Chapter 7.

Please use the object numbers in conjunction with applicable expenditure accounts.

OBSOLETE VOLUMES

Articles of Volume 111 of "The School Administrator" have now been updated or reprinted in later volumes or are no longer applicable. Therefore, Volume 111 which was distributed in September 1990 may now be deleted from your file.